STATE DOCUMENTS
PROPERTY OF
MAY 1 1933
LIBRARY
UNIVERSITY OF MONTANA
MONTANA STATE LIBRARY
930 East Lyndale Avenue
Helena, Montana 59601

MESSAGE

OF

GOVERNOR J. E. ERICKSON

TO THE

TWENTY-THIRD LEGISLATIVE ASSEMBLY

OF THE

STATE OF MONTANA

S
353.978
1933
Gim

PLEASE RETURN

1933

MONTANA STATE LIBRARY
930 East Lyndale Avenue
Helena, Montana 59601

Montana State Library
3 0864 1004 9611 9

DISCARDED
1969
LIBRARY
OF THE
UNIVERSITY OF MONTANA
REFERENCE
MARY LIBRARY
UNIVERSITY of MONTANA

DATE DUE.

12'42

JAN 29 1945

MR 12 '55 12: AM

MESSAGE

N

TIVE

1933

STATE PUBLISHING CO., HELENA, MONT.

Montana State Library
3 0864 1004 9611 9
MSE 99 F 78
THE UNIVERSITY OF MONTANA
LUX ET
FOUNDED
DISCARD
LIBRARY
OF THE
UNIVERSITY OF MONTANA
MARK
UNIVERSITY

MESSAGE

OF

GOVERNOR J. E. ERICKSON

TO THE

TWENTY-THIRD LEGISLATIVE ASSEMBLY

OF THE

STATE OF MONTANA

1933

STATE PUBLISHING CO., HELENA, MONT.

GOVERNOR'S MESSAGE

To the Members of the Twenty-third Legislative Assembly:

I am required by the Constitution to appear before you at this time to give you information concerning the condition of the State, to counsel with you in respect to our finances and to recommend such measures and such legislation as may seem necessary and expedient. I trust that I may be able to perform this duty in a way that will merit your approval and in a way that will in a small degree be helpful in the solution of the many problems that will confront you.

Never was there a time in the history of our State when there was greater need of sympathetic and unselfish cooperation between the Legislative and Executive branches of our government than now. While Montana is feeling very sharply the effects of the financial and economic depression that has paralyzed our nation and presented problems and difficulties that seem almost insoluble, yet we should not approach the task before us without hope. For, after all, our conditions are such as to inspire within us courage and justify a reasonable optimism for the future. Notwithstanding the ravages of the depression, the untold treasures of our mines and forests and the far-flung plains and valleys remain unimpaired. Our unlimited resources, our potential wealth and opportunities for future growth, progress and happiness remain unchanged, and, above all, the grim determination and the dauntless courage of our people remain unabated and they still retain an unwavernig faith in the future of this State. If we can do something to encourage and justify this hope and this faith we shall have done something worth while.

Your constituents expect much from this session. They look for relief from the many burdens they are carrying and your deliberations will be eagerly watched. You will not be able to do all that your people hope for. The ills which flow from depressions and economic dislocations are not cured by legislative acts alone, but something can be done towards setting our house in order and smoothing the way for better times, which we all hope are not so very far away.

You have come here imbued with the hope of reducing costs of government and relieving, to some extent at least, the taxpayer's burdens. Yet in your laudable endeavors along these lines you

should not lose sight of the fact that those who pay the taxes are entitled to an efficient and orderly administration of their governmental affairs; that they are entitled to the services from the State which they themselves have demanded and which previous Assemblies have granted them. Reduce the cost of government, yes, but not to the extent that will work a denial of the services and protection which the citizens are entitled to. A western progressive Governor in a recent address is reported to have said: "However, at the present time we should guard carefully the way in which governmental costs are reduced. If they are cut down in a frenzy, in a mood of passionate despair, in a temper of revenge, then indeed is the spoilsman likely to flourish and the technician and the expert be cut off."

I am confident you will agree that the economy which would eliminate the functions of government necessary to the welfare and happiness of the people would prove a false economy and would damage the cause it espouses.

Financial difficulties encountered by industry and business of all kinds in these unhappy days have also affected the State's finances. We are confronted with sharply declining revenues and consequent difficulties in balancing budgets.

You will find that the estimates made in the budget submitted for your information and guidance are reduced approximately twenty per cent below the appropriations made for the present fiscal year. These proposed reductions have been made in the cost of administration and proposed reductions in salaries not fixed by law. Despite these proposed reductions we have been unable to balance the budget. Our estimate for the year beginning July 1, 1933, aggregates $1,852,313, while the appropriations made by the last Assembly for the present year amounted to $2,349,923. A conservative estimate of the revenues for the next fiscal year has been placed at $1,676,115, on a basis of a two mill levy on property listed for taxation. In our estimates no allowance has been made for additional buildings for the institutions nor for deficiency claims which will be presented. It thus appears that we are still approximately $200,000 short of balancing the budget.

Upon the basis of a two and one-half mill levy, which I believe is permitted under the Constitution, the budget can be balanced. However, I apprehend that you are not disposed to increase the property levy and under present economic conditions I cannot advise it. How then shall the budget be balanced? That is the problem which confronts us. Manifestly there are but two solutions, first: a still further reduction of the cost of government by eliminating activities and departments, or, secondly: find some new source of revenue. If the cost of government is to be reduced then

the services which the people are now receiving must be substantially curtailed or some of them entirely eliminated. These services were provided for by former Assemblies and if any of them are to be dispensed with it is up to you to do so.

Equalization Board's Report

The Twenty-second Assembly passed a joint resolution requiring the State Board of Equalization to submit to the present Assembly suggestions looking to the elimination of useless boards and commissions, the consolidation of overlapping activities and a plan to reduce the cost of government. The statute so enacted briefly provides that the Board shall examine into the present system of taxation together with any possible change therein to the extent that a basic and fiscal policy of taxation in the State of Montana necessary for sufficient revenue to operate and maintain the State and various county and municipal governments be established; also to examine into the question of consolidating boards and departments in the state, county and municipal boards and governments, elimination of school district and trustees, abolishing state, county and municipal offices to the extent that the cost of operation of the various branches of government in Montana including state, county and municipal and school districts may be reduced and brought within anticipated revenues to be derived from a reasonable system and policy of taxation.

The Board has complied with this request and the result of its investigation and survey has been submitted to you. The report gives evidence of much study and research and contains suggestions and recommendations that will, I am sure, prove helpful in your work. Inasmuch as the report sets forth concretely and concisely the conclusions reached by the Board I deem it sufficient to call your attention to it without incorporating it into this message and to join the Board in heartily commending it to your careful consideration.

In seeking ways and means to curtail the expenses of the State government I do not think you should overlook the Legislative branch of the State. I believe that the costs of past Legislatures have been exhorbitant and have been heavier to the taxpayers than have those of similar bodies in the Northwestern group of states. I am firm in the belief that the membership of this body should be reduced in the interests of efficiency and economy. In my message to the Twenty-second Assembly I made use of the following observations upon this subject:

> "Heretofore, it has been the custom to revise and adjust the apportionment of members of the House of Representatives at the session next followng the taking of the Federal census. Following this precedent it will

be incumbent upon you to fix the number of representatives in the Lower House for the next ten years at this session. In this connection I wish to suggest that the number of representatives as now fixed by the last apportionment might be reduced with advantage to the State and the taxpayers.

"It is interesting to note that twelve western States, namely: Nebraska, Colorado, Washington, Oregon, Arizona, Montana, North Dakota, Idaho, Wyoming, Nevada, New Mexico and Utah, Montana has a greater number of representatives than any of these states except North Dakota. Colorado, with a population of more than 1,000,000, has 65 members; Washington, with more than a million and a half population, has 97 members; Oregon, with 1,000,000 population, has 60 members; Utah, with only about 33,000 population less than Montana, has 55 members; North Dakota, with 113 members, is the only one of these states with a greater number of representatives than Montana.

"A comparison of the cost of holding the 1929 session of the Legislature in this group of Western States with the cost of holding the Montana session will show that a considerable saving could be made by reducing the membership. It cost the taxpayers of the State of Montana to hold the 1929 session $179,855.00 (it cost $191,112 to hold the 1931 session). It cost Colorado $3,000.00 less; it cost the State of Washington $30,000.00 less; it cost Oregon $30,000.00 less; it cost North Dakota $73,000.00 less and it cost our neighboring state, Utah, $137,000.00 less. These states all have 60 day sessions.

"Montana has paid more for clerks, attaches and attendants at the twenty-first session than any other state in this group, except Oregon alone. Montana paid for this item $54,000.00 (in the 1931 session this was increased to $61.531). Nebraska paid $35,790.00; Colorado paid $39,980.00; Washington paid $50,821.00; North Dakota paid $21,645.00; Utah paid $15,622.00."

And in this connection I might cite Article VI Section 2 of our Constitution, which provides:

"The Legislative Assembly shall provide by law for an enumeration of the inhabitants of the State in the year 1895, and every tenth year thereafter; and at the

session next following an enumeration made by the authority of the United States shall revise and adjust the apportionment for representatives on the basis of such enumeration according to ratios to be fixed by law."

Notwithstanding this plain mandate of the Constitution the Twenty-second Legislative Assembly failed to revise and adjust the apportionment of representatives on the basis fixed by law. I still believe that there should be a reapportionment of representatives and that the membership should be reduced by at least one-third and that a Constitutional amendment should be submitted, reducing the membership of the Senate in the same proportion. There is no question in my mind that a substantial saving of the taxpayer's money could be made by this reduction. It would make the body less cumbersome and facilitate the dispatch of business, while the efficiency would in no wise be impaired.

When seeking to lighten the burden of the taxpayer it should be borne in mind that only 3.1 cents of the tax dollar is required for the support of all the State activities and 3.7 cents for the maintenance of the Greater University. In other words, about 92 cents of the tax dollar is used for county governments and the public schools, so that any plan devised for any substantial reduction of the burden of the taxpayers must effect a reduction in local government and the public and high schools. Economies in local government have made some headway in late years. The inauguration of the budget system has brought about no little saving to the taxpayers. Laws have been enacted and are now in force providing for the consolidation of local units of government where duplication and overlapping activtiies may be avoided.

Managerial Form of Government

The Twenty-second Assembly also enacted a law providing for a managerial form of government for counties, the purpose of which was to give the people an opportunity to establish simpler and more economical local governments. In this matter of consolidating local governments we should, in my judgment, take one more step forward. People are eagerly seeking ways to reduce the tax burdens and among the many suggestions is the one providing for consolidating counties. The number of counties in Montana has practically doubled in the last quarter of a century. These new counties were, of course, created under different economic conditions than now prevail, and to meet problems which no longer exist. They were created in the horse-and-wagon days, with rough, tortuous and muddy roads and highways, many times almost impassable. But times and conditions have changed. The barriers between rural and urban dwellers have practically disappeared, the

automobiles and good roads have all but annihilated distances. The telephone, the radio and the daily paper have brought to the farmer in even remotest district all the comforts and conveniences of city life. The automobile and the trucks and good roads have removed the disadvantages of remoteness from seats of county government, and distances from county seats under modern conditions would be no special inconvenience. There are groups of counties in the State that could be consolidated to the great saving of the taxpayer's money and without imposing any hardships or even inconveniences to the people affected. I believe you should enact a law that would enable the taxpayers of respective counties to unite their governments when they get ready to do so. This may seem to be a somewhat extreme suggestion but I am very sure it is a reform that will come in the not very distant future, not only in Montana but in many other states. It may be that legislation of this kind should be authroized by an amendment to the Constitution. If so an amendment should be submitted at this time.

I realize that people move with great caution and deliberation when it comes to changing established forms and customs of government. A great executive and statesman once said:

> "A forty years' experience has taught me that you must give people time for any step they take. There is a snail-paced gait for the advance of new ideas on the general mind under which we must acquiesce—if too hard pushed they will balk."

It seems to me that this is an opportune time to set up proper and adequate machinery for bringing about this change in our county governments so that the taxpayers may act, when in their judgment, the proper time comes.

I have intimated that additional revenues must be provided for balancing the budget unless state activities are dispensed with. I appreciate that this is a delicate subject to discuss. Taxes have never been popular. People in every age of the world have complained and protested against the payment of taxes, and they will doubtless continue to do so as long as civilization exists, and yet if efficient and orderly government is to be maintained, if courts and police protection for life and property are to be provided, if schools are to be maintained for the education of our youth, if we are properly to care for the unfortunate, the under-privileged and derelicts, we must pay the price. The real problem, of course, is to get as nearly as possible a dollar's worth of public service for every dollar expended and to provide a just and equitable distribution of the tax burdens among the people. An increase in property tax is unthinkable and in these times of distress would be indefensible. Let us rather find some way to lessen the burden upon property.

Income and Sales Taxes

I was elected upon a platform which contains a plank declaring for an income tax as follows:

> "We advocate the submission of an amendment to the Constitution authorizing the imposition of a moderately graduated income tax for state purposes in lieu to the extent that the same is productive of property tax."

With this I am thoroughly in accord. I think it is generally conceded by economists and tax experts that this is the most equitable and just of all kinds of taxes. It is paid from profits, net incomes, and is the most effective way of reaching intangibles. This tax, if imposed should replace all property tax for state purposes and thus relieve to this extent the tax load on real estate. This method of taxation has passed the experimental stage. Some twenty odd states of the Union have adopted it, while, as you all know, the Federal government has had it for more than a generation. I earnestly recommend that a sound and carefully drawn income tax be enacted by this Assembly.

The Supreme Court of our sister State, Idaho, has held in a recent case that it was within the power of the Legislature to enact an income tax law without submitting the question to a vote of the people, under a Constitution very similar to our own. If, however, in your opinion a Constitutional amendment is required in this case, it should be submitted by the present Assembly.

Another method of raising public revenues to relieve property taxes is the imposition of a sales tax and this method is making some headway in these distressing times. Many states are resorting to this method of raising revenue for balancing budgets and relieving property taxes. Some states, notably West Virginia, Mississippi and Georgia, have imposed a gross sales tax and are in this way raising revenues for the maintenance of their state governments. As you know the Federal government has already imposed this tax upon many articles of general use and is now proposnig a gross sales tax to further increase revenues. This has proved to be a very effective way of raising revenues for the maintenance of governments.

While I think a general sales tax for Montana would be unwise, for it imposes an unjust burden upon those who are least able to pay, yet I believe that we should in this emergency impose a tax on luxuries and non-essentials and I therefore recommend a tax of two per cent upon cigarettes and cigars; also a reasonable tax on cosmetics, soft drinks, malts and beverages. The cigarette tax is proving to be successful and highly satisfactory in some fifteen states of the Union. It is reported that in our neighboring

State, North Dakota, with practically the same population as our own state, this tax is producing a revenue of over $300,000 per year. These taxes are easily and economically collected and will affect only those who can afford to indulge in these luxuries. In view of the fact that we are going to be very much in need of additional revenues I recommend this suggestion to you for serious consideration.

Warrant Obligations

During the lean years of 1919-1925, owing to the deflation and the aftermath of the World War, revenues for State purposes declined to a ponit where the income was not nearly sufficient to meet the expenses. During those years deficits continued to grow from year to year until on June 30, 1925, the overdraft amounted to $3,980,000. Beginnnig with the latter date new revenues had been provided and this made it possible to balance the budget and stop the mounting deficit. During the four years following the revenues were sufficient to meet the expenses of the State and the overdraft was decreased approximately $1,000,000. Then came the present economic catastrophe, with a series of crop failures, again reducing the revenues to a point where they were and now are insufficient to balance the costs of maintaining the State government and its activities, and we now find ourselves with the overdraft back to approximately $4,000,000, or about what it was on June 30, 1925.

The present system of carrying this indebtedness and handling these warrants is cumbersome and inconvenient and unbusinesslike, and the form of these warrant obligations is not attractive to investors in these depressing times because of the short time they run and the low rate of interest paid. If these warrants could be absorbed by State bonds running for a definite period I am sure that these bonds would readily sell in the market and the State might then use incoming revenues to pay current expenses and return to a cash basis, and I would respectfully suggest that these warrants be taken up by a bond issue to run for not to exceed ten years and that provision be made for the gradual retirement of these bonds. This is not an increase in the indebtedness of the State but simply a change in the form of an already existing obligation, and therefore it will not be necessary to submit the question to a vote of the people.

State Institutions

The heads of the various State institutions have filed their biennial reports, setting forth the work they are doing and calling your attention to their needs and their problems. I trust that in addition to perusing these reports you will find it convenient to

have special committees from your body visit these institutions and get first-hand information as to how the State is caring for its 3500 dependents and derelicts. I am sure that those in charge will welcome an inspection by your representatives and gladly receive suggestions, criticism and advice in regard to the work they are doing. The cost of these public charges is one of the State's most difficult problems and one of the heaviest burdens for the taxpayer to carry. The population of these institutions is steadily increasing from year to year. This means that there must be additional buildings and equipment in order properly to care for them. The population of the Hospital for the Insane is now more than 1700, an increase of 100 over two years ago. During the present biennium it was found necessary to erect a temporary building to provide sleeping quarters for the inmates. Such a building was erected at a cost of about $25,000, and other new buildings will have to be provided for in the near future if the population continues to increase. I am sure that we all feel that the State should do everything possible for the proper care and comfort of these stricken and unfortunate people.

The population at the Prison is also increasing and additional facilities are needed. Here also a new dining room has been built in the last two years, at a cost of $20,000, to meet the growing needs of the institution.

The Tuberculosis Sanitarium is doing a humanitarian work for those who are stricken with the dread malady. Scores of men and women are treated and many are restored to health and usefulness. The work that is there being done is such that its value cannot be estimated. There is also a waiting list and there is a call for additional buildings and equipment.

The Orphans' Home at Twin Bridges, the School for the Deaf and Blind at Boulder and the Industrial School at Miles City are filled to capacity, with large numbers waiting for admission. The welfare of the boys and girls at these institutions, including the Vocational School at Helena, should receive careful consideration when it comes to providing maintenance for them during the next biennium.

State Lands

The Department of State Lands and Investments is one of the most important activities of our State government. Commissioner I. M. Brandjord has issued a comprehensive and detailed report of the transactions of the department and its present condition. You will find it worth your while to examine carefully this report if you are interested in knowing the extent of that vast heritage which the Federal government gave to the public schools through the land grants made at the time statehood was conferred

upon Montana. The report shows that the present total assets of this vast estate amount to $69,400,923.68. Of this amount $12,436,189.11 is invested in high class bonds and state warrants. Value of unsold lands is estimated at $46,835,047.60.

Recently the Congress amended the Enabling Act, reducing the minimum price at which these lands may be sold from $10.00 to $5.00 per acre. There was a further amendment removnig the limit of the amount of land that may be leased to one person. This legislation has a far reaching effect in the administration of our school lands. The Commissioner makes the following observation concerning these amendments:

> "It has long been apparent that the Enabling Act, approved by Congress February 22, 1889 (25 Stat. 676), through which Montana received practically all its lands from the United States, is seriously defective in several provisions dealing with the disposition and sale of these lands. Under the original Act no lands however poor could be sold for less than $10.00 per acre; no provision is made for the exchange of lands, and the quantity that may be leased by one person or company is limited to one section. This minimum price requirement of $10.00 per acre has made it impossible for the State to dispose of any considerable areas of grazing lands, and the limitation on the quantity that may be leased to one person or company of one section has proved exceedingly troublesome. To remedy these defects a proposed amendment was prepared in this department, revised and introduced by Senator Walsh, piloted through the House by Representative Evans, and finally enacted into law by the approval of the President on May 7, 1932. It will make possible the sale of considerable areas of grazing lands as soon as normal conditions return to the state, and will be found exceedingly helpful in many other ways. The changes made are so fundamental and far reaching that they are likely to mark the beginning of a new epoch in the history of this department."

You will observe that it will be necessary to amend our laws to conform to the Constitutional amendments referred to above.

The depression has greatly affected the income in this department, as is shown by the fact that the income slumped from $1,588,916 in 1929 to $1,020,005 in 1932, a decrease of more than a half million dollars. In the collection of interest and lease money the Board of Land Commissioners has pursued a policy of leniency. The Commissioner in his report refers very aptly to this policy:

"On account of the conditions that have prevailed this department has found it necessary and proper to exercise a great deal of leniency with lessees, purchasers of State lands and other customers of the State—a leniency carried so far that under ordinary economic conditions it would have been deserving of the severest censure. The letter of the law and the terms of the contracts have been tempered with mercy. It is believed that by operating the department in this spirit, we have been able to serve the struggling people throughout the state in a fuller measure."

Farm Loans

The most troublesome problem to deal with in this department is the farm loans. The State has an investment from the Public School Permanent Fund in these loans as of June 30, 1932, amounting to $4,273,807.84. The progress made in clearing up this situation has been slow and tedious. The method pursued, as described in the Commissioner's report, is "to secure title to the lands under the delinquent loans as rapidly as possible through quit-claim deeds or through foreclosure proceedings, next to resell the lands to the original mortgagor or others on the amortization plan. We believe, however, that the Legislative Assembly should adopt a plan under which the public schools would be assured of receiving annual interest at a fixed and reasonable rate, and of the systematic repayment of the investment itself.

Neither the Legislature nor the department has been able to devise a better plan to solve the difficulty than the one now pursued. The Commissioner in his report makes various recommendations for new legislation affecting the administration of this department and I commend them to your careful consideration.

Department of Agriculture, Labor and Industry

Commissioner A. H. Stafford has filed an exhaustive report of his department for the last biennium. In normal times most of the activities in this department are self-supporting and not a burden upon the general taxpayers. The receipts and earnings, however, dropped off very sharply in the last two years. The total earnings of the various activities in the department have decreased from $67,486 in 1930 and 1931 to $49,668 in 1931 and 1932, while the expenditure from both earnings and appropriations decreased from $115,059 in 1930-1931 to $91,895 in 1931-1932. Notwithstanding this reduction in earnings the department has operated within its income and has a balance at the end of the biennium of $7,219.

Additional legislation is suggested, especially in the agricultural division. In his observation concerning an amendment to the labor laws the Commissioner calls attention to the fact that authority is lacking to assist in the collection of wages for workers. Employers pay but little attention to the law providing for bi-monthly payments of wages, and men and women anxious to work for any wage are being imposed upon, and we suggest that the division of labor should be placed in a position to give real service to the workers of Montana. The report also recommends further legislation to give Montana a more efficient law to market and grade agricultural products. Details of this new legislation will be furnished you and I trust it will receive your careful attention.

The Oil Industry

The oil industry of the State, in common with all other business, has keenly felt the effects of the depression and its development has been retarded by what seems to be an arbitrary and unwarranted reduction in the price of crude oil by one of the major oil companies to a point where crude oil cannot be produced except at great loss. The independent producers of our State are facing a crisis and unless relief of some kind is had will be forced out of business and a growing and promising industry of the State will be all but ruined. The reduction in the price of crude oil is all the more oppressive when we consider that the price of gasoline in Montana remains higher than in any other state in the Union, as far as I have been informed. Montana users of gasoline are forced to pay from four to six cents per gallon more than our neighbors in North Dakota, with but an imagniary line separating us.

I appreciate the fact that this is a difficult matter for a Legislature to deal with. This much, however, I believe can be done: Appoint a committee from the Assembly to make a thorough investigation into the price of both crude oil and gasoline. This committee should be given full power to hold hearings, subpoena and examine witnesses and report to this Assembly the result of its investigation. A small appropriation should be made and placed at the disposal of the committee to pay the expenses of the inquiry. The findings and conclusions of this committee should if possible be made the basis of legislation to bring some relief to the producers and the users of this very important and necessary commodity. The people of the State are tremendously interested in this matter. They feel that they are being discriminated against, both in the ruinously low price paid for crude oil and the exorbitantly high price they are forced to pay for the refined products.

Delinquent Tax Land

The acquisition by counties of large areas of land through delinquent tax sales has reached proportions that are alarming and presents a serious problem which merits your careful attention. I have been unable to get any definite information as to the amount of land, the title to which has passed, but the amount is considerable and is increasing rapidly from year to year. These lands are thus removed from the tax rolls and cease to be productive or profitable. Some way should be devised whereby these lands might be returned to private ownership and thus be rendered useful and profitable again.

I have observed from the press that land utilization conferences have been held in various parts of the State during the last two months to discuss this subject, and that these meetings have been attended and participated in by many members of this Assembly. The Great Falls conference, recently held, made some very pertinent and sensible suggestions concerning this problem, which I think are worthy of your consideration, and I feel amply justified in calling your attention to them.

It is proposed by this conference that the County Commissioners be given greater discretionary powers in acquiring, handling and disposing of tax title lands, to provide for the exchange and blocking of large units of grazing lands, to give stockmen more permanency in leases and the counties better opportunities for revenue; that County Commissoiners be authorized to lease these grazing lands for periods greater than one year which would offer incentives to develop stock water and build up the carrying capacity of the land by judicious grazing; that valuations for assessment and leasing purposes be based as far as possible upon the soil and classifications which are being carried on by the Montana Experiment station in cooperation with the Federal Bureau of Chemistry and Soils.

I believe you will find these suggestions helpful in your endeavors to meet these conditions which have arisen during the years of the depression. I believe also that the County Commissioners should be given authority to sell these lands upon long-time payments and at a low rate of interest, to facilitate the restoration of the lands to useful and productive purposes.

I am also of the opinion that the period of redemption provided for the recovery of lands sold for taxes should be extended from three to five years, so as to give the owner every possible opportunity to redeem his property.

Trucks and Bus Lines

The construction of modern highways and the introduction of motor-driven trucks and busses on roads have given rise to new problems in the way of regulating traffic on the highways. Public highways are constructed for travel and transportation in the ordinary way and the appearance of motor vehicles carrying passengers and conveying and delivering merchandise, wares and commodities for hire requires additional regulatory legislation.

The Twenty-second Legislative Assembly passed an act providnig for the supervision, regulation and control of the use of the public highways of Montana by motor carriers engaged in transportation by motor vehicles of persons and property for hire upon highways. This act confers jurisdiction over such transportation upon the Board of Railroad Commissioners. As one of the requirements of this act the shipper is to obtain from the Commission a certificate of public convenience and necessity for such services. The Supreme Court of the State in a recent decision has declared this act valid, and that such legislation is a proper exercise of the police power of the State in regulating the use of public highways.

The rapid increase in the business of motor trucks in conveying and transporting commodities, goods and merchandise over the roads for hire prompts the suggestion that the interest of public safety and the conservation of the highways our Railroad Commission should be given further power to regulate this traffic. The Commission should, in my judgment, be authorized to regulate the speed of motor trucks, their size, the weight of the loads they may carry and the qualifications of drivers. The rates charged for transporting commodities and merchandise over the roads within the State should be a proper subject for regulation. In view of the fact that our highways are constructed and maintained at State expense for the use and benefit of the traveling public, I think it would be only fair and just for those who use the roads for private business and for hire to pay a reasonable tax to compensate for the wear and tear and damages to the highway so used. I believe this is a subject of sufficient importance to merit careful consideration.

Highways

We have reached a point in the development of our highway system which justifies us in pointing with pride to what has been accomplished. Four thousand miles of road have been constructed; 1,197 miles have been oiled and 2,349 miles have been graveled and surfaced and ready for oiling. This leaves but 1,027 miles of the original program yet to be improved. The cost of construction of this mileage aggregates $31,241,000.

The program for 1931 and 1932 consisted of 2,332 miles of finished roads at a cost of $16,653,000. The failure to sell the gasoline debenture bonds of a million and a half has slowed up the work for 1932 but the Emergency Relief Fund of the Federal Government permitted the Commission to carry on the work in a satisfactory way. The purpose of this relief appropriation was to relieve as much as possible unemployment. Hand-work labor has been used where possible without additional cost and Montana labor has been employed almost exclusively. In order that the benefits of this employment might be distributed as widely as possible a thirty-hour week was established and wages were fixed in advance at the prevailing rates paid in the community where the work was done. Montana is truly being taken out of the mud and will soon have a magnificent system of highways reaching every part of the State and fully paid for.

Of late there has been considerable agitation in favor of a highway patrol to insure the enforcement of traffic rules and regulations and thus afford additional safety for the recreational and business travelers. It is proposed that there shall be one patrolman for every ten thousand cars in the State. Unquestionably this would promote the public safety and would help in the conservation of the highways. However, this should not be done at the expense of the property taxpayer. If the expenses of the administration of such a law could be paid from fines collected from the infraction of highway rules and regulations, or possibly from the highway fund, well and good, but in no circumstance should the general fund be made to bear this burden.

I have elsewhere referred to the matter of further regulation of foreign trucks using our highways for hire and commercial purposes. I believe that trucks from another State bringing in commodities and merchandise for sale and barter, and every foreign truck used upon construction projects, should be compelled to procure a Montana license upon entering the State.

Neither is there any effective regulation with reference to foreign automobiles coming into the State carrynig foreign license plates. Numerous cars from other States remain here throughout the summer season and even through the year, bearing foreign license plates. This should not be permitted. I am aware that every consideration and courtesy should be extended to tourists and sightseers who visit our State for recreational purposes, but there should be a time limit to such courtesies of, say, thirty days, which for good cause might be extended to sixty days.

Foreign automobiles upon comnig into the State should be required to register at the first county seat and be given a permit good for the period prescribed by law, after which they should be re-

quired to procure a Montana license. Bills covering these matters to which I have very briefly referred will undoubtedly be presented to you and I believe them of sufficient importance to merit your serious consideration.

Relief Work

Realizing that some of our counties, because of conditions resulting from unemployment, drought or low price of products, either or all, would not be able to provide out of their ordinary resources the necessities of life for their needy citizens, I early made a blanket application for funds to the Reconstruction Finance Corporation, under the terms of the Emergency Relief and Construction Act of 1932. Upon forms prescribed by the Corporation applications were submitted to me by the counties desiring aid and these were filed with the Corporation, which promptly analyzed the statements of the counties' needs and allocated funds.

These payments began in September last and have continued at intervals of one month, there havnig been seven counties in the September allocation. The list grew month by month until at the close of the calendar year 1932, nineteen counties were receiving aid. Up to the 31st day of December I received from the Corporation the sum of $507,738.00, each installment having been immediately made available to the Emergency Relief Board in the county concerned. These funds were used for direct relief and work relief. At the opening of 1933 we have twenty-six counties on the relief list and the Reconstruction Finance Corporation has just made its allocation to these for the months of January and February. The total sum to be made available for these two months is $529,700, which brings the aggregate for the six months to $1,037,438.

I cannot dismiss this subject without expressing my appreciation of the manner in which the Reconstruction Finance Corporation has dealt with this State in the allocation of funds. It has not in all instances granted the full amount asked by the counties, but it has always been prompt and fair in its consideration of our applications. It is scarcely necessary to say that, under the conditions existing in Montana this year, had it not been for the ready action of the Corporation some of our communities must have found themselves in a situation not pleasant to contemplate. In simple justice I desire to place in the record my appreciation of the cooperation of the Reconstruction Finance Corporation.

I sincerely wish that it were possible for the State of Montana adequately to care for its own destitute, but this is manifestly impossible. However, I present the matter of making some provision in this direction and urge that if this Assembly can devise any way of carrying a share of the burden at this trying time, it do so.

Our National Guard

It is not necessary to dwell at length upon the activity and the efficiency of the Montana National Guard, which has on more than one occasion in the past demonstrated its earnestness and readiness to answer the call of duty, but I cannot let this occasoin pass without reference to this body of patriotic young men.

Our annual appropriation for the support of the Guard has been less than $30,000, while the equipment furnished by the Federal Government has a value of about $500,000. Your attention is directed to the fact that the Federal government pays in salaries and expenses of instructors for our regiment more than the State pays for the entire Guard. This sympathetic force on the 30th of June, last, numbered only four less than 1,200. Montana's appropriation for its maintenance cost the citizens of the State less than five cents per person, basing the calculation upon the population of the State as shown by the last census.

The per capita cost of the Montana National Guard is less than that of any of the other States havnig a Guard of about the same strength, and the cost in Montana is less than that of any of the western States comprising the Ninth Corps area. A recent War Department report rates Montana the highest of all the States of the Union in "per cent of readiness for offensive combat service."

It is gratifying to note the condition of the Guard and I recommend that for the next two-year period you provide such appropriation as existing financial conditions seem to justify.

Concluding

The Constitution limits your session to sixty days and this time passes very quickly. On entering upon your duties bear in mind that Montana needs but few new laws and but few existing laws need amending. Every session witnesses the introduction of an avalanche of bills and measures, the great majority of which die in the committee rooms or meet defeat on the floor. This means waste of time and increases tremendously the cost of the session. You will receive the commendation and the approval of your constituents not for the number of bills introduced nor for the number passed, but for the kind of laws you enact and the adaptability of such laws to the conditions and needs of the people you represent. It would be well at the beginning of your deliberations to adopt a program with the idea of enacting such laws as are of vital importance and helpful in meeting existing problems, and then concentrate your efforts and your time in the enactment of such meas-

ures. In this way you will best serve not only your constituents but the State of Montana as well.

In conclusion let me assure you of the whole-hearted co-operation of the Executive and Administrative branches of the government in all of your laudable undertakings. The responsibilities resting upon you are great, but with an abiding faith in the patriotism of your motives and of your sincere desire to serve your State creditably and well, I am sure you will meet these responsibilities with courage and fidelity.